

## Business Economics

### 1. Managerial Economics is

- A. Dealing only micro aspects
- B. Only a normative science
- C. Deals with practical aspects
- D. All of the above

View answer

Correct answer: (D)

All of the above

### 2. The techniques of optimization include

- A. Marginal analysis
- B. Calculus
- C. Linear programming
- D. All of the above

View answer

Correct answer: (D)

All of the above

### 3. In economics, desire backed by purchasing power is known as

- A. Utility
- B. Demand
- C. Consumption
- D. Scarcity

View answer

Correct answer: (B)

Demand

### 4. Basic assumptions of law of demand include

- A. Prices of other goods should change.
- B. There should be substitute for the commodity.
- C. The commodity should not confer any distinction.
- D. The demand for the commodity should not be continuous

View answer

Correct answer: (C)

The commodity should not confer any distinction.

5. Higher the price of certain luxurious articles, higher will be the demand, this concept is called

- A. Giffen effects
- B. Veblen effects
- C. Demonstration effects
- D. Both b&c above

View answer

Correct answer: (B)

Veblen effects

6. In the case of perfect elasticity, the demand curve is

- A. Vertical
- B. Horizontal
- C. Flat
- D. Steep

View answer

Correct answer: (B)

Horizontal

7. Outlay method of measurement of elasticity is also called as

- A. Percentage method
- B. Expenditure method
- C. Point method
- D. Geometric method

View answer

Correct answer: (B)

Expenditure method

8. \_\_\_\_\_ demand forecasting is related to the business conditions prevailing in the economy as a whole

- A. Macro level
- B. Industry level
- C. Firm level
- D. None of these

View answer

Correct answer: (A)

Macro level

**9.** \_\_\_\_\_ is the base of marketing planning

- A. Demand Estimation
- B. Demand analysis
- C. Demand function
- D. Demand forecasting

View answer

Correct answer: (D)

Demand forecasting

**10.** \_\_\_\_\_ is the change in total revenue irrespective of changes in price or due to the effect of managerial decision on revenue

- A. Average revenue
- B. Total revenue
- C. Marginal revenue
- D. Incremental revenue

View answer

Correct answer: (D)

Incremental revenue

**11.** Perfect competition is characterized by

- A. large number of buyers and sellers
- B. homogeneous product
- C. free entry and exit of firms
- D. all the above

View answer

Correct answer: (D)

all the above

**12.** The distinction between variable cost and fixed cost is relevant only in

- A. long period
- B. short period
- C. medium term
- D. mixed period

View answer

Correct answer: (B)

short period

**13.** Purposes of Short term Demand forecasting doesn't includes;

- A. Making a suitable production policy.
- B. To reduce the cost of purchasing raw materials and to control inventory.
- C. Deciding suitable price policy
- D. Planning of a new unit or expansion of existing unit

View answer

Correct answer: (D)

Planning of a new unit or expansion of existing unit

**14.** In \_\_\_\_\_ approach, the demand for new product is estimated on the basis demand of existing product

- A. Growth curve approach
- B. Evolutionary approach.
- C. Opinion polling approach
- D. Vicarious approach.

View answer

Correct answer: (B)

Evolutionary approach.

**15.** The proportionate change in the quantity demanded of a commodity in response to change in the price of another related commodity is called

- A. Price elasticity
- B. Related elasticity
- C. Cross elasticity
- D. Income elasticity

View answer

Correct answer: (C)

Cross elasticity

**16.** Which one is the method for measurement of elasticity

- A. Proportional or Percentage Method
- B. Outlay Method
- C. Geometric method
- D. All the above

View answer

Correct answer: (D)

All the above

**17.** \_\_\_\_\_ Method is also known as Sales-Force – Composite method or collective opinion method

- A. Opinion survey
- B. Expert opinion
- C. Delphi method
- D. Consumer interview method

View answer

Correct answer: (A)

Opinion survey

**18.** Which of the following is not a method of demand forecasting of new products

- A. Trend projection
- B. Substitute approach
- C. Evolutionary approach
- D. Sales experience approach

View answer

Correct answer: (A)

Trend projection

**19.** Psychological pricing is also called as;

- A. Penetration pricing
- B. Skimming pricing
- C. Odd pricing
- D. None of these

View answer

Correct answer: (C)

Odd pricing

**20.** Customary pricing is also known as

- A. Consumer pricing
- B. Conventional pricing
- C. Cost plus pricing
- D. Full cost pricing

View answer

Correct answer: (B)

Conventional pricing

**21.** \_\_\_\_\_ is the process of finding current values of demand for various values of prices and other determining variables.

- A. Demand Estimation
- B. Demand analysis
- C. Demand function
- D. Demand forecasting

View answer

Correct answer: (A)

Demand Estimation

**22.** In the case of \_\_\_\_\_ a small change in price leads to very big change in quantity demanded

- A. Perfectly elastic demand
- B. Perfectly inelastic demand
- C. Relative elastic demand
- D. Unit elastic demand

View answer

Correct answer: (C)

Relative elastic demand

**23.** In \_\_\_\_\_ approach, on the basis of the growth of an established product, the demand for the new product is estimated

- A. Growth curve approach
- B. Evolutionary approach.
- C. Opinion polling approach
- D. vicarious approach

View answer

Correct answer: (A)

Growth curve approach

**24.** Which one of the following is not a reason for adopting penetration price strategy

- A. Product has high price elasticity in the initial stage.
- B. The product is accepted by large number of customers.
- C. Economies of large scale production available to firm
- D. When the buyers are not able to compare the value and utility

View answer

Correct answer: (D)

When the buyers are not able to compare the value and utility

**25. Car and petrol are**

- A. Complimentary goods
- B. Substitute goods
- C. Supplementary goods
- D. Reserve goods

View answer

Correct answer: (A)

Complimentary goods

**26. Criteria for good demand forecasting includes;**

- A. Plausibility
- B. Simplicity
- C. Economy
- D. All the above.

View answer

Correct answer: (D)

All the above.

**27. Cost plus pricing is also called**

- A. margin pricing
- B. full cost pricing
- C. mark up pricing
- D. all the above

View answer

Correct answer: (D)

all the above

**28. Generally used strategy for pricing new products is/are**

- A. Skimming price strategy
- B. Penetration price strategy
- C. Both a & b
- D. None of these

View answer

Correct answer: (C)

Both a & b

**29.** The architect of the theory of monopolistic competition

- A. Rosenstein Roden
- B. JR Hicks
- C. Karl Marx
- D. Chamberlin

View answer

Correct answer: (D)

Chamberlin

**30.** The function of combining the other factors of production is done by

- A. land
- B. labour
- C. Capital
- D. Entrepreneurship

View answer

Correct answer: (B)

labour

**31.** \_\_\_\_\_ means the total receipts from sales divided by the number of unit sold.

- A. Average revenue
- B. Total revenue
- C. Marginal revenue
- D. Incremental revenue

View answer

Correct answer: (A)

Average revenue

**32.**  $E_p=0$  in the case of \_\_\_\_\_ elasticity

- A. Perfectly elastic demand
- B. Perfectly inelastic demand
- C. Relative elastic demand
- D. Unitary elastic demand

View answer

Correct answer: (B)  
Perfectly inelastic demand

**33.** Law of demand shows the functional relationship between \_\_\_\_\_ and quantity demanded

- A. Supply
- B. Cost
- C. Price
- D. Requirements

View answer

Correct answer: (C)  
Price

**34.** When the change in demand is exactly equal to the change in price, it is called

- A. Perfectly elastic demand
- B. Perfectly inelastic demand
- C. Relative elastic demand
- D. Unitary elastic demand

View answer

Correct answer: (D)  
Unitary elastic demand

**35.** Tea and coffee are

- A. Complimentary goods
- B. Substitute goods
- C. Supplementary goods
- D. Reserve goods

View answer

Correct answer: (B)  
Substitute goods

**36.** Survey method of demand forecasting includes

- A. Opinion survey
- B. Expert opinion
- C. Delphi method
- D. All the above

View answer

Correct answer: (D)

All the above

**37.** In \_\_\_\_\_ pricing fixed cost are excluded.

- A. skimming pricing
- B. going rate pricing
- C. administered pricing
- D. marginal cost pricing

View answer

Correct answer: (D)

marginal cost pricing

**38.** The market with a single producer"

- A. perfect competition
- B. monopolistic competition
- C. oligopoly
- D. monopoly

View answer

Correct answer: (D)

monopoly

**39.** The short run production function is called;

- A. Returns to scale
- B. law of variable proportion
- C. Production possibility frontier
- D. None of these

View answer

Correct answer: (B)

law of variable proportion

**40.** Which are the characteristics of monopoly?

- A. Single seller or producer
- B. No close substitutes
- C. Inelastic demand curve
- D. All of these

View answer

Correct answer: (D)

All of these

**41.** Whenever \_\_\_\_\_ is greater than average total cost, average total cost is rising.

- A. Marginal cost
- B. Variable cost
- C. Fixed cost
- D. Full cost

View answer

Correct answer: (A)

Marginal cost

**42.** Which of the following is not a macroeconomic concept?

- A. Business cycle
- B. National income
- C. Government policy
- D. None of these

View answer

Correct answer: (D)

None of these

**43.** Iso-cost line indicate the price of

- A. Output
- B. Inputs
- C. Finished goods
- D. Raw material

View answer

Correct answer: (B)

Inputs

**44.** Who classified economies of scale into internal and external?

- A. Robinson
- B. Marshall
- C. Edward west
- D. Pigue

View answer

Correct answer: (B)

Marshall

**45.** Product differentiation is the important feature of

- A. monopoly
- B. perfect competition
- C. monopolistic competition
- D. monophony

View answer

Correct answer: (c)

monopolistic competition

**46.** 13th Finance Commission has been constituted under the chairmanship of:

- A. C.Rangarajan
- B. Vijay L Kelkar
- C. Deepak Parekh
- D. Indira Bhargara

View answer

Correct answer: (B)

Vijay L Kelkar

**47.** Method of demand forecasting is also called "economic model building"

- A. Opinion survey
- B. Complete enumeration
- C. Correlation and regression
- D. Delphi method

View answer

Correct answer: (C)

Correlation and regression

**48.** The responsiveness of demand due to a change in promotional expenses is called

- A. Expenditure elasticity
- B. Advertisement elasticity
- C. Promotional elasticity
- D. Above b or c

View answer

Correct answer: (D)

Above b or c

**49.** Want satisfying power of commodity is called

- A. Demand
- B. Utility
- C. Satisfaction
- D. Consumption

View answer

Correct answer: (B)

Utility

**50.** The relationship between price and quantity demanded is

- A. Direct
- B. Inverse
- C. Linear
- D. Non-linear

View answer

Correct answer: (B)

Inverse

**51.** Decision making and \_\_\_\_\_ are the two important functions of executive of business firms

- A. Forward planning
- B. Directing
- C. Supervising
- D. Administration

View answer

Correct answer: (A)

Forward planning

**52.** \_\_\_\_\_ shows the change in quantity demanded as a result of a change in consumers' income

- A. Price elasticity
- B. Cross elasticity
- C. Income elasticity
- D. None of these

View answer

Correct answer: (C)

Income elasticity

**53.** The firm charges price in tune with the industry's price is called

- A. competitive pricing
- B. going rate pricing
- C. tune pricing
- D. target pricing

View answer

Correct answer: (B)

going rate pricing

**54.** Which one of the following is not a reason for adopting skimming price strategy

- A. When the demand of new product is relatively inelastic.
- B. When there is no close substitutes
- C. Elasticity of demand is not known
- D. Product has high price elasticity in the initial stage

View answer

Correct answer: (D)

Product has high price elasticity in the initial stage

**55.** Information for pricing decisions involves:

- A. Product information
- B. Market information
- C. Information at the micro level
- D. All of these

View answer

Correct answer: (D)

All of these

**56.** The marginal revenue equation can be derived from the:

- A. Demand equation
- B. Supply equation
- C. Cost equation
- D. Price equation

View answer

Correct answer: (A)  
Demand equation

**57.** Functional relationship between input and output known as

- A. Conversion
- B. Production function
- C. Work in progress
- D. Output function

View answer

Correct answer: (B)  
Production function

**58.** in economics \_\_\_\_\_ means 'a state of rest 'or 'stability'

- A. Depression
- B. Equilibrium
- C. Maturity
- D. growth

View answer

Correct answer: (B)  
Equilibrium

**59.** Selling cost is the feature of the market form

- A. monopoly
- B. monopolistic competition
- C. oligopoly
- D. none of these

View answer

Correct answer: (B)  
monopolistic competition

**60.** Which is the reason of skimming price?

- A. Inelastic demand
- B. Diversion of market
- C. Safer price policy
- D. All of these

View answer

Correct answer: (D)

All of these

**61.** Which is the condition of for market penetration?

- A. High price elasticity of demand in the short run
- B. Savings in production costs
- C. Threat of potential competition
- D. All of these

View answer

Correct answer: (D)

All of these

**62.** If the commodities are substitute in nature, cross elasticity will be

- A. Negative
- B. Positive
- C. Zero
- D. Any of the above

View answer

Correct answer: (B)

Positive

**63.** Which one of the following is not an internal factor influencing pricing policy

- A. cost
- B. objectives
- C. marketing mix
- D. demand

View answer

Correct answer: (D)

demand

**64.** For the commodities like salt, sugar etc., the income elasticity will be

- A. Zero
- B. Negative
- C. Positive
- D. Unitary

View answer

Correct answer: (A)

Zero

**65.** In the above function, the letter Y stands for

- A. Yield of production
- B. Income of consumers
- C. Utility
- D. Supply

View answer

Correct answer: (B)

Income of consumers

**66.** When a small change in price leads to infinite change in quantity demanded, it is called

- A. Perfectly elastic demand
- B. Perfectly inelastic demand
- C. Relative elastic demand
- D. Relative inelastic demand

View answer

Correct answer: (A)

Perfectly elastic demand

**67.** Price Elasticity of demand=

- A.  $\frac{\text{Proportionate change in quantity demanded}}{\text{Proportionate change in price}}$
- B.  $\frac{\text{Change in Quantity demanded}}{\text{Change in Price/price}} / \text{Quantity demanded}$
- C.  $\frac{(Q2-Q1)/Q1}{(P2-P1) / P1}$
- D. All the above

View answer

Correct answer: (D)

All the above

**68.** An increase in income may lead to an increase in the quantity demanded, it is

- A. Positive income elasticity
- B. Zero income elasticity
- C. Negative income elasticity

D. Unitary income elasticity

View answer

Correct answer: (A)

Positive income elasticity

**69.** Fixing high price during the introduction is called

- A. skimming
- B. penetrating
- C. full cost pricing
- D. target pricing

View answer

Correct answer: (A)

skimming

**70.** In a perfectly competitive market, individual firm

- A. cannot influence the price of its product
- B. can influence the price of its product
- C. can fix the price of its product
- D. can influence the market force

View answer

Correct answer: (A)

cannot influence the price of its product

**71.** Which is the determinant of the pricing policy of a firm?

- A. Channel of distribution
- B. Age of product
- C. Consumer association
- D. All of these

View answer

Correct answer: (D)

All of these

**72.** The causes of emergence of monopoly is/are:

- A. Concentration of ownership of raw materials
- B. State regulation
- C. Public utility services
- D. All of these

View answer

Correct answer: (D)

All of these

**73.** \_\_\_\_\_ is situation of severely falling prices and lowest level of economic activities

- A. Boom
- B. Recovery
- C. Recession
- D. Depression

View answer

Correct answer: (D)

Depression

**74.** Purposes of Short term Demand forecasting doesn't includes;

- A. Making a suitable production policy.
- B. To reduce the cost of purchasing raw materials and to control inventory.
- C. Deciding suitable price policy
- D. Planning of a new unit or expansion of existing unit

View answer

Correct answer: (D)

Planning of a new unit or expansion of existing unit

**75.** Unitary elasticity of demand mean

- A.  $EP = > 1$
- B.  $EP = < 1$
- C.  $EP = 0$
- D.  $EP = 1$

View answer

Correct answer: (D)

$EP = 1$

**76.** Quantity remains the same whatever the change in price, this is the case of

- A. Perfectly elastic demand
- B. Perfectly inelastic demand
- C. Relative elastic demand
- D. Relative inelastic demand

View answer

Correct answer: (B)

Perfectly inelastic demand

**77.** Which of the following is not a function of managerial economists

- A. Advice on trade and public relations
- B. Economic analysis of agriculture
- C. Investment analysis
- D. Supervision and control

View answer

Correct answer: (D)

Supervision and control

**78.** Analysis of long run and short run affects of decisions on revenue as well as costs is based on

- A. Principle of time perspective
- B. Equi-marginal principle
- C. incremental principle
- D. None of these

View answer

Correct answer: (A)

Principle of time perspective

**79.** Which is the characteristics of managerial economics

- A. Deals with both micro and macro aspects
- B. Both positive and normative science
- C. Deals with theoretical aspects
- D. Deals with practical aspects.

View answer

Correct answer: (D)

Deals with practical aspects.

**80.** In the case of \_\_\_\_\_ Consumer may moves to higher or lower demand curve

- A. Extension of demand
- B. Contraction of demand
- C. Shift in demand
- D. Slopes in demand

View answer

Correct answer: (C)

Shift in demand

**81.** \_\_\_\_\_ means an attempt to determine the factors affecting the demand of a commodity or service and to measure such factors and their influences

- A. Demand planning
- B. Demand forecasting
- C. Demand analysis
- D. Demand estimation

View answer

Correct answer: (C)

Demand analysis

**82.** In the case of unitary elastic demand, the shape of demand curve is

- A. Vertical line
- B. Horizontal line
- C. Rectangular hyperbola
- D. Steep

View answer

Correct answer: (C)

Rectangular hyperbola

**83.** Demand for necessary goods (salt, rice, etc.) is \_\_\_\_\_ and demand for comfort and luxury good is

- A. Elastic, inelastic
- B. Inelastic, elastic
- C. Elastic, elastic
- D. Inelastic, inelastic

View answer

Correct answer: (B)

Inelastic, elastic

**84.** \_\_\_\_\_ Method is also known as Sales-Force –Composite method or collective opinion method

- A. Opinion survey
- B. Expert opinion
- C. Delphi method

D. Consumer interview method

View answer

Correct answer: (A)

Opinion survey

**85.** Which one of the following is an internal factor influencing pricing

- A. demand
- B. competition
- C. distribution channel
- D. product life cycle

View answer

Correct answer: (D)

product life cycle

**86.** \_\_\_\_\_ forecasting is more important from managerial view point as it helps the management in decision making with regard to the firms demand and production.

- A. Macro level
- B. Industry level
- C. Firm level
- D. None of these

View answer

Correct answer: (C)

Firm level

**87.** Total Revenue will be maximum at the point where Marginal Revenue is

- A. One
- B. Zero
- C.  $<1$
- D.  $>1$

View answer

Correct answer: (B)

Zero

**88.** Under \_\_\_\_\_ Method, a panel is selected to give suggestions to solve the problems in hand

- A. Opinion survey
- B. Expert opinion

- C. Delphi method
- D. Consumer interview

View answer

Correct answer: (C)

Delphi method

**89.** Method of charging low price initially called \_\_\_\_\_

- A. skimming
- B. penetrating
- C. full cost pricing
- D. target pricing

View answer

Correct answer: (B)

penetrating

**90.** Which of the following is/ are the reason for adopting skimming price strategy

- A. When the buyers are not able to compare the value and utility.
- B. To attract the high income customers.
- C. When the product has distinctive qualities, luxuries
- D. All the above

View answer

Correct answer: (D)

All the above

**91.** Under oligopoly a single seller cannot influence significantly

- A. market price
- B. quantity supplied
- C. advertisement cost
- D. all the above

View answer

Correct answer: (D)

all the above

**92.** Average cost pricing is also called as

- A. cost plus pricing
- B. marginal cost pricing
- C. margin pricing

D. both a & c

View answer

Correct answer: (D)

both a & c

**93.** Which of the following is / are the reason for adopting penetration price strategy

- A. Economies of large scale production available to firm.
- B. Potential market for the product is large.
- C. Cost of production is low.
- D. All the above

View answer

Correct answer: (D)

All the above

**94.** Purposes of Short term Demand forecasting includes;

- A. Making a suitable production policy.
- B. To reduce the cost of purchasing raw materials and to control inventory.
- C. Deciding suitable price policy
- D. All the above

View answer

Correct answer: (D)

All the above

**95.** Demand for tyres depends on demand of vehicles, the demand for tyres called as

- A. Composite demand
- B. Derivative demand
- C. Joint demand
- D. Direct demand

View answer

Correct answer: (B)

Derivative demand

**96.** when income increases, quantity demanded falls, it is

- A. Positive income elasticity
- B. Zero income elasticity
- C. Negative income elasticity
- D. Unitary income elasticity

View answer

Correct answer: (C)

Negative income elasticity

**97.** Consumer Interview method of demand forecasting may undertaken by;

- A. Complete enumeration
- B. Sample survey
- C. End-use method
- D. All the above

View answer

Correct answer: (D)

All the above

**98.** Under which method, the cost is added with the predetermined target rate of return on capital invested

- A. Cost plus pricing
- B. Target pricing
- C. Mark up pricing
- D. None of these

View answer

Correct answer: (B)

Target pricing

**99.** Prices of Bata shoe as Rs.99.99, this pricing is

- A. Mark up pricing
- B. Odd pricing
- C. Marginal cost pricing
- D. Follow up pricing.

View answer

Correct answer: (B)

Odd pricing

**100.** Average revenue is the revenue per

- A. unit commodity sold
- B. total commodity sold
- C. marginal commodity sold
- D. none of these

View answer

Correct answer: (A)  
unit commodity sold

**101.** In a perfect market both buyers and sellers are

- A. price maker
- B. price giver
- C. price taker
- D. all the above

View answer

Correct answer: (C)  
price taker

**102.** So long as Average Revenue is falling, Marginal Revenue will be \_\_\_\_\_  
Average Revenue

- A. Less than
- B. More than
- C. Equal to
- D. None of these

View answer

Correct answer: (A)  
Less than

**103.** Price discrimination is also called as

- A. Discriminatory pricing
- B. Differential pricing
- C. Average cost pricing
- D. a & b above

View answer

Correct answer: (D)  
a & b above

**104.** \_\_\_\_\_ =  $R_2 - R_1 / Q_2 - Q_1$

- A. Average revenue
- B. Total revenue
- C. Marginal revenue
- D. Incremental revenue

View answer

Correct answer: (C)

Marginal revenue

**105.** If the commodities are complimentary, cross elasticity will be

- A. Negative
- B. Positive
- C. Zero
- D. Any of the above

View answer

Correct answer: (A)

Negative

**106.** In the oligopoly market there are

- A. large no. of firms
- B. a few firms
- C. a single firm
- D. an infinite no. of firms

View answer

Correct answer: (B)

a few firms

**107.** The law of diminishing returns applies more to

- A. agriculture
- B. industry
- C. services
- D. commerce

View answer

Correct answer: (A)

agriculture

**108.** \_\_\_\_\_ provide guidelines to carry out \_\_\_\_\_

- A. Pricing strategies, pricing policies
- B. Pricing policies, pricing strategies
- C. Pricing rules, pricing policies
- D. Pricing rules, pricing strategies

View answer

Correct answer: (B)

Pricing policies, pricing strategies

**109.** In case of \_\_\_\_\_ quantity demanded changes less than proportionate to changes in price

- A. Perfectly elastic demand
- B. Perfectly inelastic demand
- C. Relative elastic demand
- D. Relative inelastic demand

View answer

Correct answer: (D)

Relative inelastic demand

**110.** \_\_\_\_\_ method measures elasticity between two points

- A. Proportional or Percentage Method
- B. Outlay Method
- C. Geometric method
- D. Arc Method

View answer

Correct answer: (D)

Arc Method

**111.** Target pricing is also called as

- A. Cost plus pricing
- B. Rate of return pricing
- C. Mark up pricing
- D. None of these

View answer

Correct answer: (B)

Rate of return pricing

**112.** The condition for the long run equilibrium of a perfectly competitive firm

- A. Price=MC=AC
- B. Price=TC
- C. MC=AVC
- D. MC=MR

View answer

Correct answer: (A)

Price=MC=AC

**113.** The monopoly can be controlled by:

- A. Social boycott
- B. Antimonopoly legislation
- C. Public ownership
- D. All of these

View answer

Correct answer: (D)

All of these

**114.** Where Marginal revenue is negative, TR will be \_\_\_\_\_.

- A. Rising
- B. Falling
- C. Zero
- D. One

View answer

Correct answer: (B)

Falling

**115.** \_\_\_\_\_ is the method of leadership pricing

- A. Going rate pricing
- B. Follow up pricing
- C. Barometric pricing
- D. Parity pricing

View answer

Correct answer: (C)

Barometric pricing

**116.** The properties of indifference curves are:

- A. Indifference curve slopes downwards from left to right
- B. Convex to the point of origin
- C. Two indifference curve never cut each other
- D. All of these

View answer

Correct answer: (D)

All of these

**117.** The competitive firm's long run supply curve is the portion of its \_\_\_\_\_ curve lies above average total cost.

- A. Marginal cost
- B. Revenue cost
- C. Fixed cost
- D. All of these

View answer

Correct answer: (A)

Marginal cost

**118.** The opportunity cost of a given activity is

- A. the value of next best activity
- B. the value of material used
- C. the cost of input used
- D. none of these

View answer

Correct answer: (A)

the value of next best activity

**119.** Marginal revenue is \_\_\_\_\_ at the quantity that generate maximum total revenue and negative beyond that point.

- A. Zero
- B. One
- C. +1
- D. -1

View answer

Correct answer: (A)

Zero

**120.** In business cycle concept, the period of "long wave" is of;

- A. 25 years
- B. 50 years
- C. 100 years
- D. 200 years

View answer

Correct answer: (B)

50 years

**121.** Cinema Theater, telephone bills etc.. are following

- A. Full cost pricing
- B. Marginal cost pricing
- C. Differential pricing
- D. Mark up pricing

View answer

Correct answer: (C)

Differential pricing

**122.** The factors used in the production

- A. Land and labor
- B. capital & entrepreneurship
- C. both a&b
- D. only capital

View answer

Correct answer: (B)

both a&b

**123.** Which is the feature of perfect competition?

- A. Large number of buyers and sellers
- B. Freedom of entry and exit
- C. Normal profit in the long run
- D. All of these

View answer

Correct answer: (D)

All of these

**124.** The concept of monopsony was invented by:

- A. Marshall
- B. AP. Learner
- C. Chamberlin
- D. Mrs. J. Robinson

View answer

Correct answer: (D)

Mrs. J. Robinson

**125.** Which is/are the salient features of monopolistic competition?

- A. Large number of sellers
- B. Normal profit
- C. Free entry and exit of firms in industry
- D. All of these

View answer

Correct answer: (D)

All of these

**126.** A cost that has already been committed and cannot be recovered known as:

- A. Sunk cost
- B. Total cost
- C. Full cost
- D. Variable cost

View answer

Correct answer: (A)

Sunk cost

**127.** The claim that, other things equal, the quantity supplied of a goods rises when the price of goods raises known as:

- A. Law of economics
- B. Law of supply
- C. Law of demand
- D. All of these

View answer

Correct answer: (B)

Law of supply

**128.** In business cycle concept, the period (approximately) of "Kit chin cycle" is of:

- A. 5 years
- B. 10 months
- C. 2 years
- D. 4 months

View answer

Correct answer: (D)

4 months

**129.** The demand curve of a firm in the case of perfect competition is:

- A. Parallel to output axis
- B. Increasing with the output axis
- C. Decreasing with the output axis
- D. Complete

View answer

Correct answer: (A)

Parallel to output axis

**130.** Which factors is/are influencing price policy?

- A. Cost of product
- B. Time factor
- C. Government policy
- D. All of these

View answer

Correct answer: (D)

All of these

**131.** The no. of firms under oligopoly is

- A. 1
- B. 2
- C. many
- D. few

View answer

Correct answer: (D)

few

**132.** Growth curve approach is used for forecasting demand of \_\_\_\_\_ products

- A. New
- B. Old
- C. Existing
- D. Both old and existing.

View answer

Correct answer: (A)

New

**133.** A positive income elasticity may be

- A. Unit income elasticity
- B. Income elasticity greater than unity
- C. Income elasticity less than unity
- D. Any of the above

View answer

Correct answer: (D)

Any of the above

**134.** The concept of Elasticity of Demand was introduced by

- A. Alfred Marshall
- B. Lionel Robbins
- C. Adam Smith
- D. J M Keynes

View answer

Correct answer: (A)

Alfred Marshall

**135.** When the quantity demanded falls due to a rise in price, it is called

- A. Extension
- B. Upward shift
- C. Downward shift
- D. Contraction

View answer

Correct answer: (D)

Contraction

**136.** Determinants of demand includes

- A. Price of a commodity
- B. Nature of commodity
- C. Income and wealth of consumer
- D. All the above

View answer

Correct answer: (D)

All the above

**137. Exceptional Demand Curve (Perverse demand curve)**

- A. Moving upward from left to right
- B. Moving upward from right to left
- C. Moving horizontally
- D. Moving vertically

View answer

Correct answer: (A)

Moving upward from left to right

**138. Purposes of long term Demand forecasting doesn't includes;**

- A. Planning of a new unit or expansion of existing unit.
- B. Planning long term financial requirements.
- C. Planning of manpower requirements.
- D. Deciding suitable price policy

View answer

Correct answer: (D)

Deciding suitable price policy

**139. Which of the following method of pricing is popular in wholesale and retail trades**

- A. skimming
- B. penetrating
- C. full cost pricing
- D. target pricing

View answer

Correct answer: (C)

full cost pricing

**140. \_\_\_\_\_ is an "objective assessment of the future course of demand"**

- A. Demand Estimation
- B. Demand analysis
- C. Demand function
- D. Demand forecasting

View answer

Correct answer: (D)  
Demand forecasting

**141.** The change in demand due to change in price only, where other factors remaining constant, it is called \_\_\_\_\_

- A. Shift in demand
- B. Extension of demand
- C. Contraction of demand
- D. Both extension and contraction

View answer

Correct answer: (D)  
Both extension and contraction

**142.** In the above function, the letter T stands for

- A. Target price
- B. Total supply
- C. Total consumption
- D. Taste and preference of consumers

View answer

Correct answer: (D)  
Taste and preference of consumers

**143.** \_\_\_\_\_ means relationship between demand and its various determinants expressed mathematically

- A. Demand extension
- B. Demand contraction
- C. Demand analysis
- D. Demand function

View answer

Correct answer: (D)  
Demand function

**144.** " \_\_\_\_\_ in economics means demand backed up by enough money to pay for the goods demanded"

- A. Utility
- B. Consumption
- C. Supply
- D. Demand

View answer

Correct answer: (D)

Demand

**145.** In the case of \_\_\_\_\_ a small change in price leads to very big change in quantity demanded

- A. Perfectly elastic demand
- B. Perfectly inelastic demand
- C. Relative elastic demand
- D. Unit elastic demand

View answer

Correct answer: (D)

Unit elastic demand

**146.** Basic assumptions of law of demand does not include

- A. There is no change in consumers' taste and preference
- B. Income should remain constant.
- C. Prices of other goods should change.
- D. There should be no substitute for the commodity

View answer

Correct answer: (C)

Prices of other goods should change.

**147.** in the case of perfect inelasticity, the demand curve is

- A. Vertical
- B. Horizontal
- C. Flat
- D. Steep

View answer

Correct answer: (A)

Vertical

**148.** Purposes of long term Demand forecasting includes

- A. Making a suitable production policy.
- B. To reduce the cost of purchasing raw materials and to control inventory.
- C. Deciding suitable price policy
- D. Planning of a new unit or expansion of existing unit

View answer

Correct answer: (D)

Planning of a new unit or expansion of existing unit

**149.** Pricing is done on the basis of managerial decisions, not on the basis of cost, demand etc..

- A. Managerial pricing
- B. Administered pricing
- C. Full cost pricing
- D. Competitive pricing

View answer

Correct answer: (B)

Administered pricing

**150.** The pricing of cup of tea or coffee, is an example of

- A. Mark up pricing
- B. Marginal cost pricing
- C. Conventional pricing
- D. Cost plus pricing

View answer

Correct answer: (C)

Conventional pricing

**151.** The product under monopolistic competition are

- A. differentiated with close substitute
- B. perfect substitute
- C. differentiated without close substitute
- D. homogeneous

View answer

Correct answer: (A)

differentiated with close substitute

**152.** Production may be defined as an act of:

- A. Creating utility
- B. Earning profit
- C. Destroying utility
- D. Providing services

View answer

Correct answer: (A)

Creating utility

**153.** When all the productive services are increased in a given proportion, the product is increased in the same proportion. This situation is called:

- A. Law of increasing
- B. Situation of constant returns
- C. Fixed cost
- D. Variable cost

View answer

Correct answer: (B)

Situation of constant returns

**154.** Which are not the features of oligopoly?

- A. Few sellers
- B. Advertising and sales promotion
- C. One firm
- D. Conflicting attitudes of firms

View answer

Correct answer: (C)

One firm

**155.** Whenever marginal cost is more than \_\_\_\_\_ average total cost is falling:

- A. Average total revenue
- B. Average total cost
- C. Average profit
- D. All of these

View answer

Correct answer: (B)

Average total cost

**156.** \_\_\_\_\_ is situation with increased investment and increased price

- A. Recession
- B. Progress
- C. Boom
- D. Recovery

View answer

Correct answer: (C)

Boom

**157.** The "law of variable proportion" is first explained by

- A. Edward west
- B. Marshall
- C. Veblen
- D. Keynes

View answer

Correct answer: (A)

Edward west

**158.** A graph indicating different combination of inputs with different level of output is called

- A. Iso-cost map
- B. BEP map
- C. Input-output map
- D. Iso-quant map

View answer

Correct answer: (D)

Iso-quant map

**159.** Which of the following is a short run law?

- A. Law of constant return to scale
- B. Law of increasing return to scale
- C. Law of diminishing return
- D. None of these

View answer

Correct answer: (C)

Law of diminishing return

**160.** Related to production function, MRTS stand for;

- A. Marginal revenue and total sales
- B. Minimum revenue from total sales
- C. Marginal rate of total supply
- D. Marginal rate of technical substitution

View answer

Correct answer: (D)

Marginal rate of technical substitution

**161.** In perfect completion, a firm is a

- A. Price maker
- B. Price taker
- C. Both of the above
- D. None of these

View answer

Correct answer: (B)

Price taker

**162.** Which of the following is not a feature of monopolistic completion?

- A. Large number of producers
- B. Free entry and exit
- C. More elastic demand
- D. Price competition

View answer

Correct answer: (D)

Price competition

**163.** The famous book on economics "An Enquiry into the Nature and Cause of Wealth of Nation" was Written by

- A. Alfred Marshall
- B. Adam Smith
- C. J M Keynes
- D. ACPigou

View answer

Correct answer: (B)

Adam Smith

**164.** Welfare (neo classical) definition of economics is given by

- A. J B Say
- B. Lionel Robbins
- C. Adam Smith
- D. Alfred Marshall

View answer

Correct answer: (D)

Alfred Marshall

**165.** The author of the book "The General Theory of Employment, Interest and Money"

- A. Alfred Marshall
- B. Adam Smith
- C. J M Keynes
- D. ACPigou

View answer

Correct answer: (C)

J M Keynes

**166.** \_\_\_\_\_ is micro economic theory

- A. Demand theory
- B. Price theory
- C. Income theory
- D. None of these

View answer

Correct answer: (B)

Price theory

**167.** Managerial economics is also called

- A. Micro economics
- B. Theory of the firm
- C. Economics of the firm
- D. All of the above.

View answer

Correct answer: (D)

All of the above.

**168.** Basic economic tools of managerial economics does not include

- A. Principle of time perspective
- B. Equi-marginal principle
- C. Incremental principle
- D. None of these

View answer

Correct answer: (D)

None of these

**169.** The demand has three essentials-Desire, Purchasing power and \_\_\_\_\_

- A. Quantity
- B. Cash
- C. Supply
- D. Willingness to purchase

View answer

Correct answer: (D)

Willingness to purchase

**170.** In the above function, the letters Ps stands for

- A. Preference of consumers
- B. Price of commodity
- C. Price of substitutes
- D. Product supply

View answer

Correct answer: (C)

Price of substitutes

**171.** When the quantity demanded of a commodity rises due to a fall in price, it is called

- A. Extension
- B. Upward shift
- C. Downward shift
- D. Contraction

View answer

Correct answer: (A)

Extension

**172.** Perfect elasticity is known as

- A. Finite elastic
- B. Infinite elastic
- C. Unitary elastic
- D. Zero elastic

View answer

Correct answer: (B)  
Infinite elastic

**173.** EP = \_\_\_\_\_ in case of relatively inelastic demand

- A. 0
- B. Infinite
- C. 1
- D. <1

View answer

Correct answer: (D)  
<1

**174.** Tools and techniques for demand estimation includes;

- A. Consumer surveys.
- B. consumer clinics and focus groups
- C. Market Experiment
- D. All of the above

View answer

Correct answer: (D)  
All of the above

**175.** In \_\_\_\_\_ approach, Consumers reactions on the new products are found out indirectly with the help of specialized dealers

- A. Growth curve approach
- B. Evolutionary approach.
- C. Opinion polling approach
- D. Vicarious approach.

View answer

Correct answer: (D)  
Vicarious approach.

**17176.** Under the Marginal cost pricing, the price is determined on the basis of;

- A. Fixed cost
- B. Variable cost
- C. Total cost
- D. Average cost

View answer

Correct answer: (B)

Variable cost

**177.** The concept of product differentiation was introduced by

- A. TR Malthus
- B. JM Keynes
- C. Mrs. Robinson
- D. Chamberlin

View answer

Correct answer: (D)

Chamberlin

**178.** The implication of the kinked demand curve is reflected in a discontinuity in the:

- A. Marginal revenue curve
- B. Marginal cost curve
- C. Total revenue curve
- D. Total cost curve

View answer

Correct answer: (A)

Marginal revenue curve

**179.** Pricing methods are:

- A. Standard cost method
- B. Learning curve method
- C. Marginal cost method
- D. All of these

View answer

Correct answer: (D)

All of these

**180.** Price discrimination occurs when variation in prices for a product in different markets does not reflect variation?

- A. Costs
- B. Price
- C. Demand
- D. All of these

View answer

Correct answer: (A)  
Costs